

**CALIFORNIA ENERGY COMMISSION**

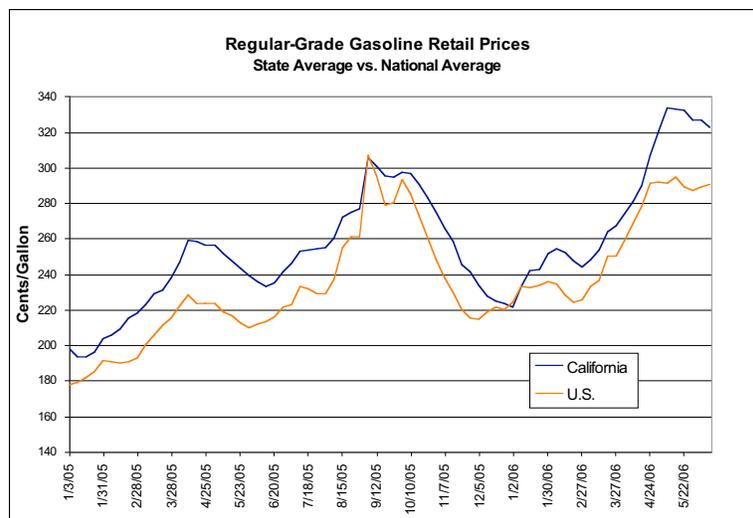
1516 Ninth Street  
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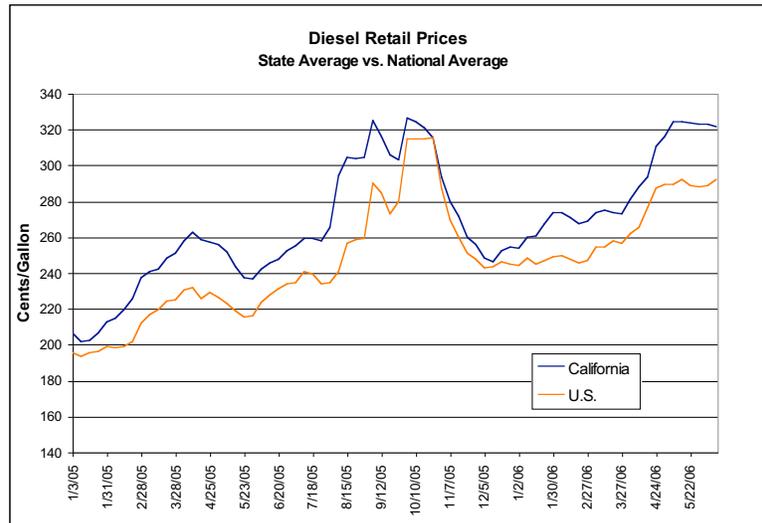
Main website: [www.energy.ca.gov](http://www.energy.ca.gov)  
Children's website: [www.energyquest.ca.gov](http://www.energyquest.ca.gov)  
Consumer Information: [www.ConsumerEnergyCenter.org](http://www.ConsumerEnergyCenter.org)

**Petroleum Watch****June 16, 2006*****Retail Gasoline and Diesel Prices on June 12***

- The average statewide **retail price for regular-grade gasoline** fell 4 cents per gallon this week to \$3.23 per gallon, 10 cents less than the record high of \$3.33 on May 8.<sup>i</sup>
- A decrease in statewide prices and a small increase in national prices narrowed the difference between California and U.S. retail gasoline prices to 32 cents per gallon. This remains well above the average difference of 19 cents for January through May.



- The average California **retail diesel price** dropped 1 cent from the previous week to \$3.22 per gallon. The difference between California and U.S. retail diesel prices fell 4 cents to 30 cents per gallon.

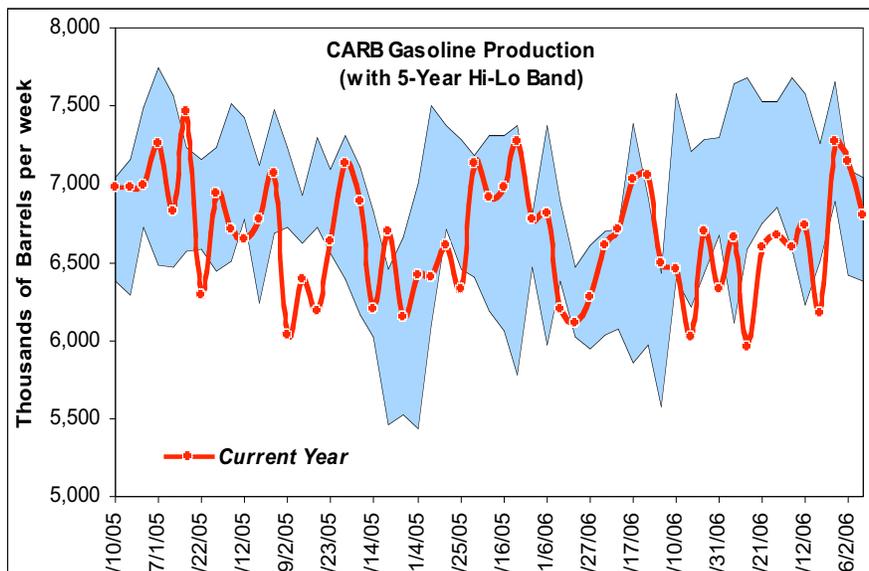


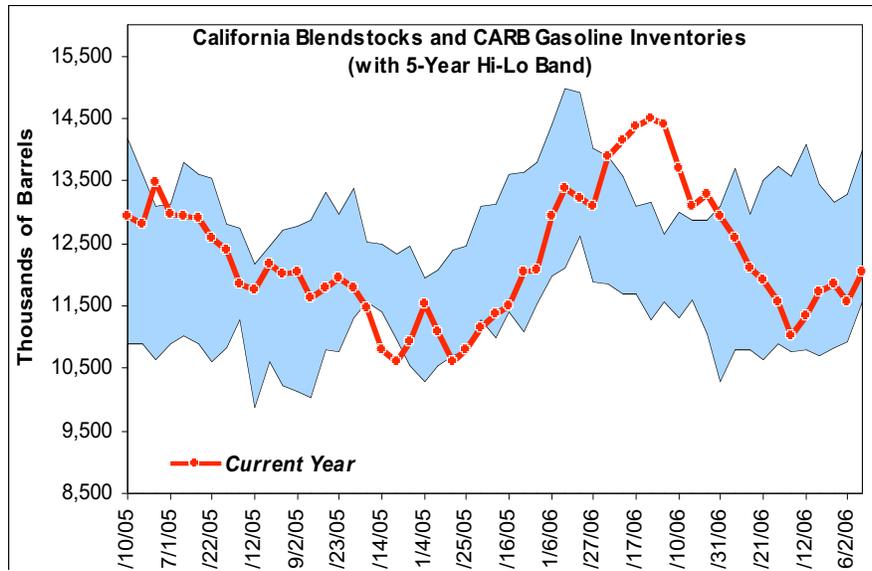
### **Wholesale Gasoline and Diesel Prices on June 13**

- California spot **wholesale gasoline prices** for regular-grade reformulated blendstock for oxygenate blending (RBOB) ranged between \$2.31 and \$2.40 per gallon during the last week and settled at \$2.32 per gallon, about 12 cents less than on June 6. Prices have now fallen 65 cents lower than the record high of \$2.97 on May 2 but are still 76 cents more than the 2006 low of \$1.56 on February 14.
- Reasonably strong state gasoline production, declining gasoline spot prices nationally and somewhat lower crude oil prices have pushed California spot prices down from last week.
- The difference between spot prices in California and elsewhere in the United States has grown in the last few days, with prices for RBOB now 17 cents per gallon higher in Los Angeles than at New York Harbor and 13 cents higher than the Gulf Coast.
- California spot **wholesale low-sulfur diesel prices** dropped 11 cents during the last week to \$2.24. Prices are now 44 cents lower than the record high of \$2.68 on May 3.
- The difference between California wholesale low-sulfur diesel prices and Gulf Coast prices dropped sharply to just 3 cents more in Los Angeles, compared to 10 cents more on June 6.
- Although narrowing at times during the latest week, the difference between California gasoline and diesel spot prices ended at 8 cents more for gasoline, about the same as on June 6.
- The Energy Information Administration (EIA) weekly assessment for June 9 reports that **U.S. gasoline demand** grew 0.5 percent from the previous week, while distillate demand increased 1.6 percent. The four-week average demand for gasoline is 9.351 million barrels per day, 1.3 percent less than last year. The four-week average for U.S. distillate demand is 4.045 million barrels per day, 1.5 percent lower than last year.

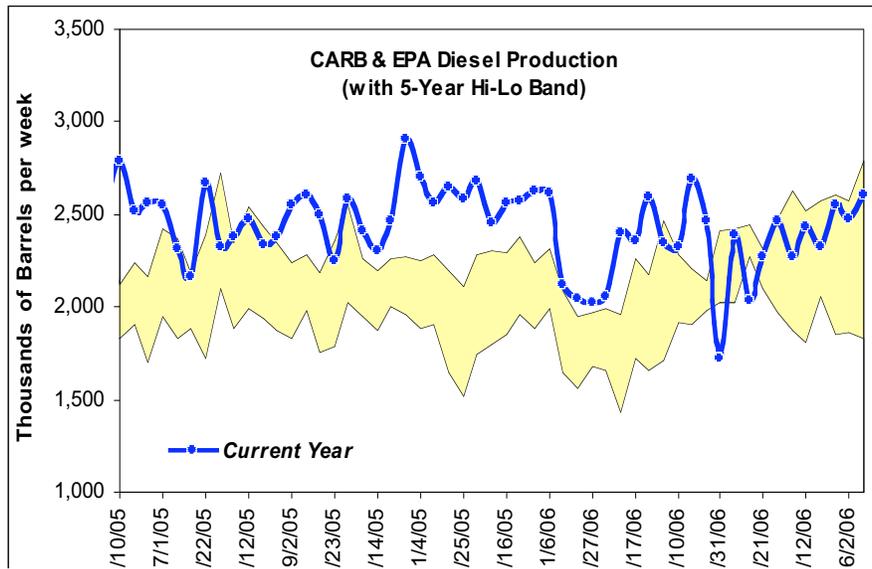
## Refinery Production and Inventories

- Reformulated **gasoline production** in California during the week ending June 9 dropped to 6.8 million barrels, 4.8 percent lower than the previous week and 2.7 percent less than last year. Refineries have been operating relatively trouble-free, but some planned maintenance and a shift to producing other finished gasoline brought California reformulated gasoline production down to the middle of the five-year range.<sup>ii</sup>
- Despite the production decline, California reformulated **gasoline inventories** grew 3.1 percent from the previous week, while gasoline blendstock inventories increased by 4.9 percent. As a result, **combined inventories** of reformulated gasoline and gasoline blendstocks in the state **increased 4.2 percent** to 12.06 million barrels but remain at the lower end of the five-year range.
- U.S. gasoline inventories grew for the seventh straight week to 213.1 million barrels on June 9. This was 2.8 million barrels more than the previous week, due to higher production and import levels that remain high.

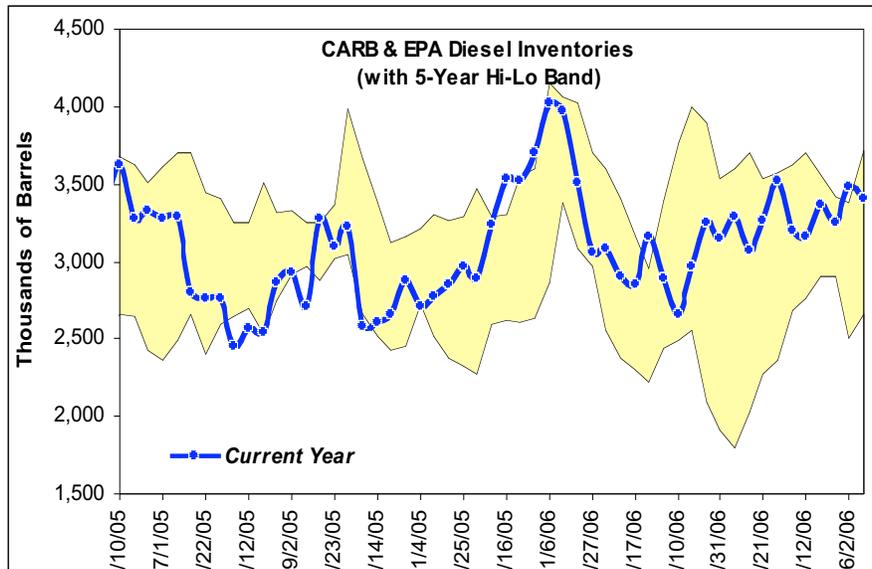




- California low-sulfur **diesel production** during the week of June 9, including both California diesel and U.S. Environmental Protection Agency (EPA) diesel, rose 5 percent from the previous week to 2.6 million barrels as output remains at the upper end of the five-year range.

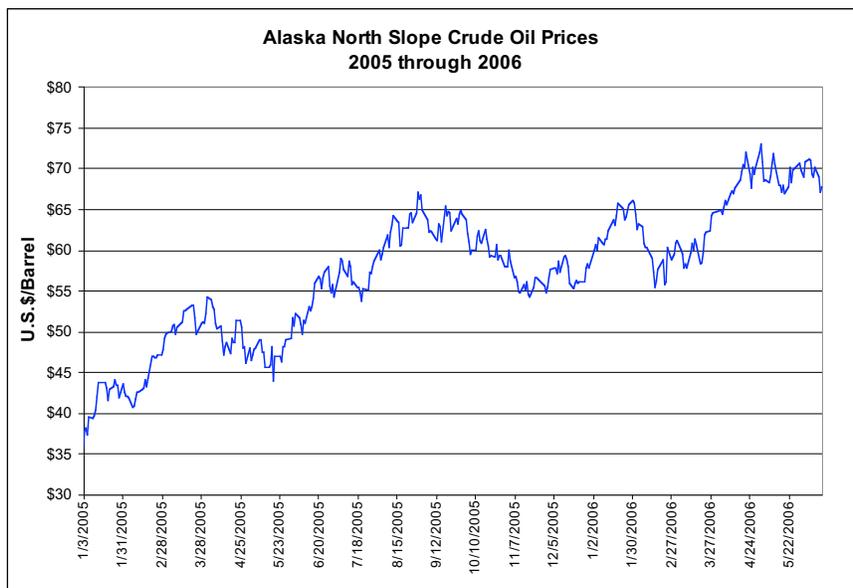


- Combined low-sulfur **diesel inventories** in California fell by 2 percent from the previous week to 3.41 million barrels but are still at the upper end of the five-year range. Total U.S. distillate inventories as of June 9 increased to 122.8 million barrels, 2.1 million barrels higher than the previous week and 12.6 million barrels more than last year.



### **Crude Oil Prices and Inventories**

- West Coast prices for Alaska North Slope (ANS) crude oil, an important refinery feedstock for California, declined over the week. The death of Abu Musab al-Zarqawi in Iraq, the resumption of oil pipeline flow from northern Iraq, and the quiet passing of the first named-storm of the Gulf of Mexico hurricane season helped ease prices down. Iran has taken a positive attitude to a United States and European proposal on its nuclear program. A downturn in financial markets and commodities, with a stronger U.S. dollar, also pulled prices down. Working to buoy prices up, however, were ongoing problems with militants in Nigeria's oil-rich delta region, some operational issues with the oil fields Ecuador's government seized this year, and an International Energy Agency (IEA) report noting continued high Chinese oil demand. U.S. commercial crude oil inventories declined slightly this week, as well, although the IEA report also noted that developed country crude oil stocks were at 20-year highs. ANS oil prices ended this last week at \$67.64 per barrel as of June 14.<sup>iii</sup>



- U.S. commercial crude oil inventories declined with lower imports and higher crude oil inputs to refineries. Stocks were at 345.7 million barrels as of June 9, 1 million barrels less than the previous week, but 16.7 million higher than last year and 34.5 million more than the five-year average.
- Offshore crude oil production in the Gulf Coast has slowly returned in recent months but a substantial amount remains off-line. In its report on hurricane outages on June 1, the Minerals Management Service indicated that more than 15 percent of U.S. Gulf of Mexico offshore oil production, or 227,888 barrels per day, was still shut down from last year's hurricanes. More than 162 million barrels of crude oil production had cumulatively been lost to these hurricanes since late August, almost 30 percent of annual Gulf of Mexico offshore oil production.

<sup>i</sup> Spot wholesale and retail gasoline and diesel prices are from the Energy Information Administration of the U.S. Department of Energy (EIA).

<sup>ii</sup> California refinery production and inventory information are from the Petroleum Industry Information Reporting Act (PIIRA) database maintained by the California Energy Commission.

<sup>iii</sup> ANS crude oil prices are from *The Wall Street Journal*. U.S. crude oil and product inventory estimates are from the Energy Information Administration of the U.S. Department of Energy.